



Investor Presentation

16 October 2023

ASX:DSE



ersonal use only



We Help Businesses Stay in Business

DropSuite is a partner-centric company building secure, scalable and highly useable cloud backup technologies for businesses, big and small



~100
employees



>100
countries



>1.1M
paid users



~600
direct partners



>\$33.4M
ARR

DSE Growth Driven by Increasing Cyber Security Risk

The Data

90%

of Cybersecurity attacks start with email

62%

of breaches and data loss occur through human error

\$20B

global cost of ransomware in 2022

84%

of companies **don't backup** their SaaS application data (US)



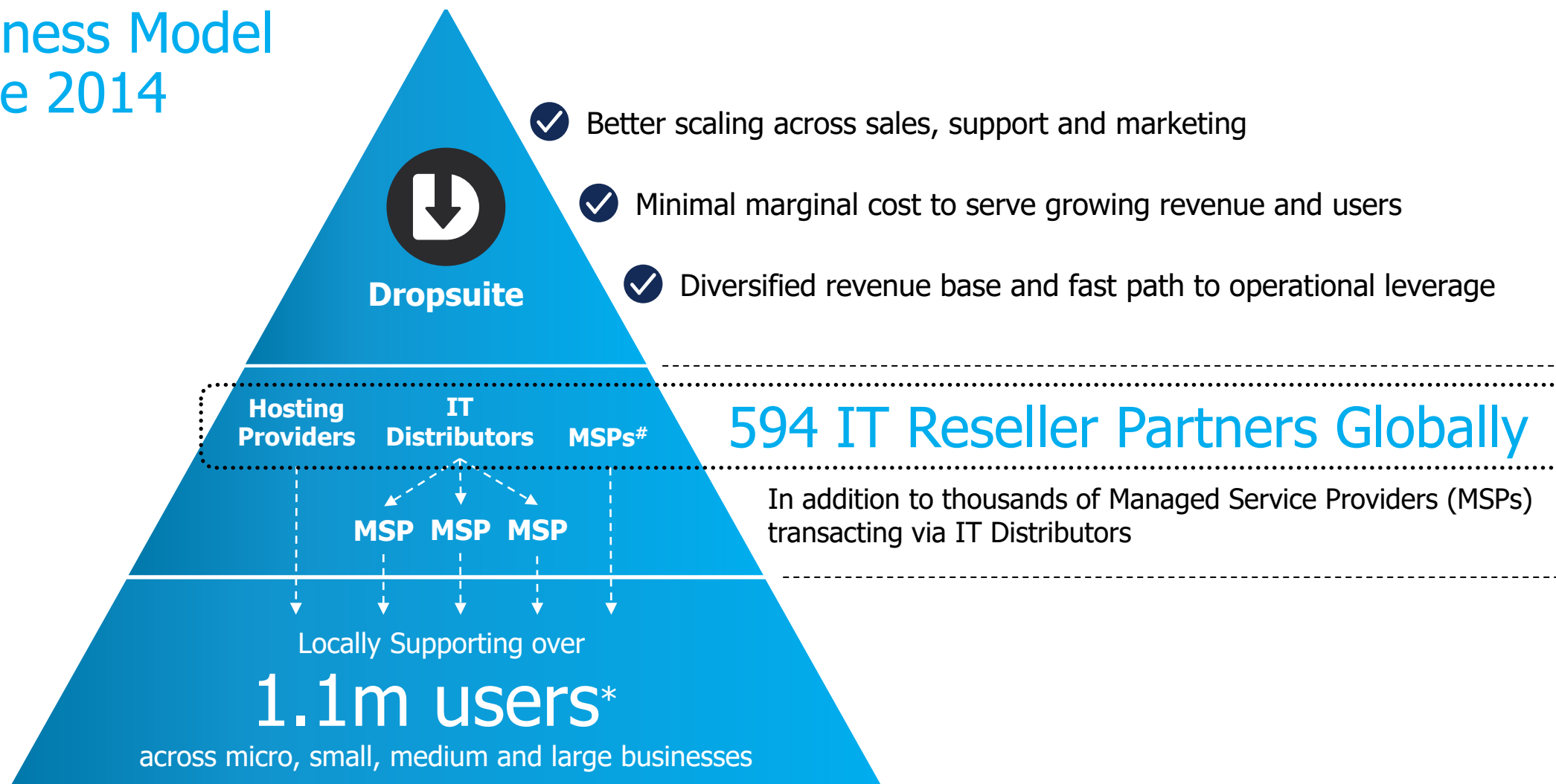
Industry Pain Points

- **Cyber Threats and Ransomware**
- **Data Loss and Corruption** due to human error or technical breakdown
- Growing strain to **hire IT professionals**, with increasing SLA expectations by end users
- **Cyber insurance** requirements are increasingly strict and complex, with backup being a key precondition for insurance
- Growing **regulatory and compliance** requirements

General Data Privacy Regulation (GDPR) is a set of strict data privacy rules that went into effect in mid 2018

1. Source: <https://www.globenewswire.com/news-release/2020/03/04/1995163/0/en/Cloud-Backup-and-Recovery-Software-Market-to-Reach-22-22-Billion-Globally-by-2025-Says-Allied-Market-Research.html/>

Partner-led Business Model Since 2014



MSP: Managed Service Provider is an outsourced IT provider ensuring business availability and security for mostly small and medium sized businesses (SMBs)

* As at 30 September 2023

Exceptional User Experience

Simple intuitive interface that is packed with useful and powerful features, including search, insights and reporting



*GovCloud Solution - allows US government agencies and other regulated industries to easily backup and restore sensitive and classified data in the cloud while maintaining heightened security requirements. Dropsuite's M365 backup and archiving solutions can now be stored in Amazon Web Services (AWS) GovCloud (US), allowing US-based users to safeguard their public sector clients' data and comply with FedRAMP moderate data security requirements.

Dropsuite's competitive advantage



Seamless partner integration



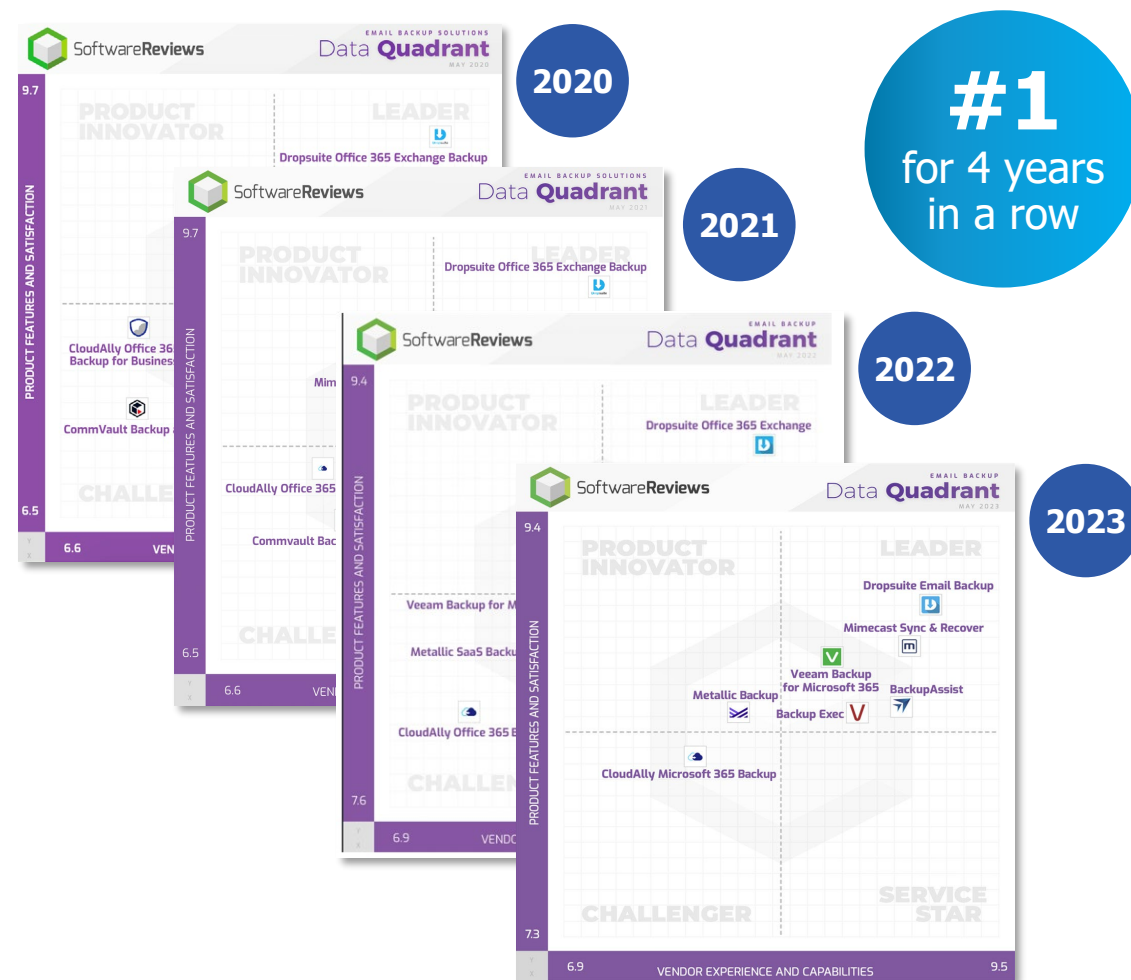
Exceptional user experience



Cutting-edge cloud platform



Highly responsive team



#1
for 4 years
in a row

Q3 2023 Results

(July to September)

Key Business Metrics Delivered in Q3

ARR

\$33.4m



37% on PCP
on constant
currency

Gross Margin

68%



200 basis
points YoY

Operating Cashflow

\$1.39m



312% on QoQ
132% on PCP

ARPU

\$2.57



5% on PCP
on constant
currency

Paid Users

1.11m



25%
on PCP

Cash Receipts

\$8.10m



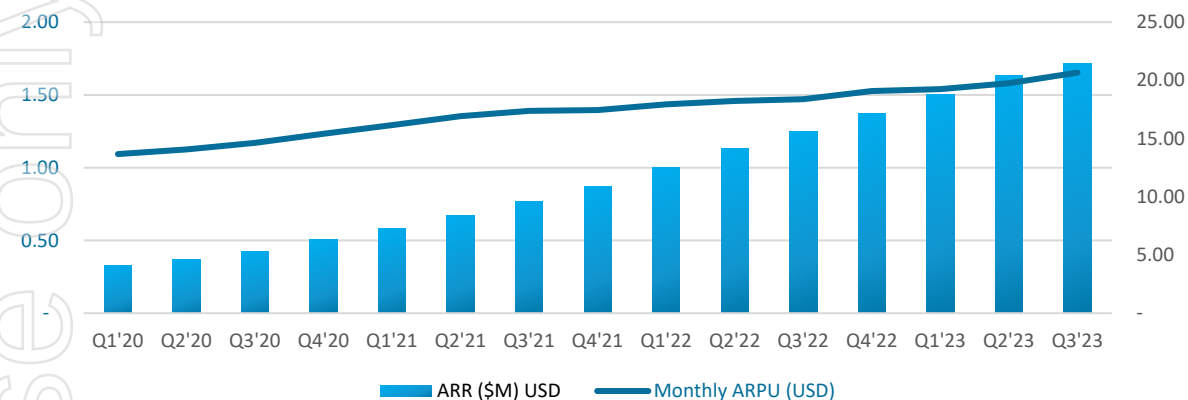
57% on
PCP

Commentary

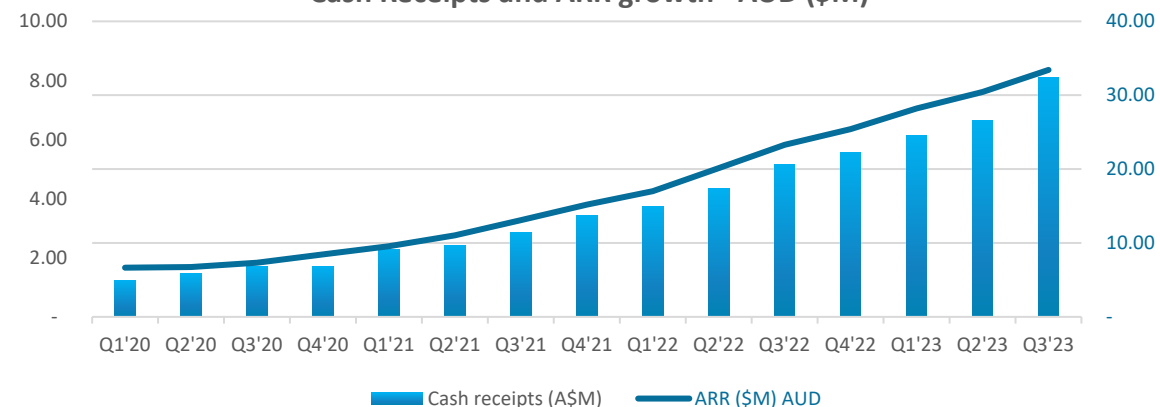
- Continued ARR growth momentum and low partner revenue churn <3%
- Record Operating Cashflow generation in Q3, improved full year outlook
- Record Cashflow Receipts in Q3

Continued Positive Growth Momentum

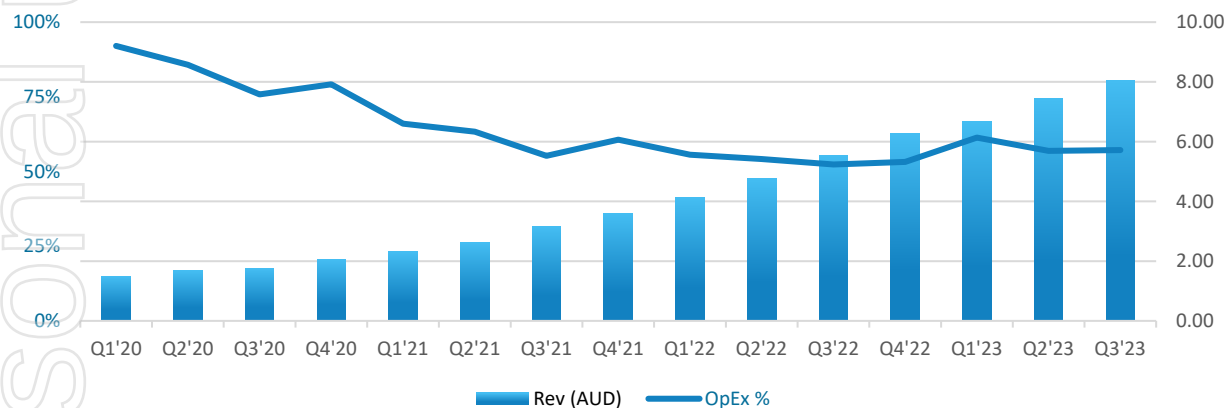
ARR and Monthly ARPU - USD (\$M)



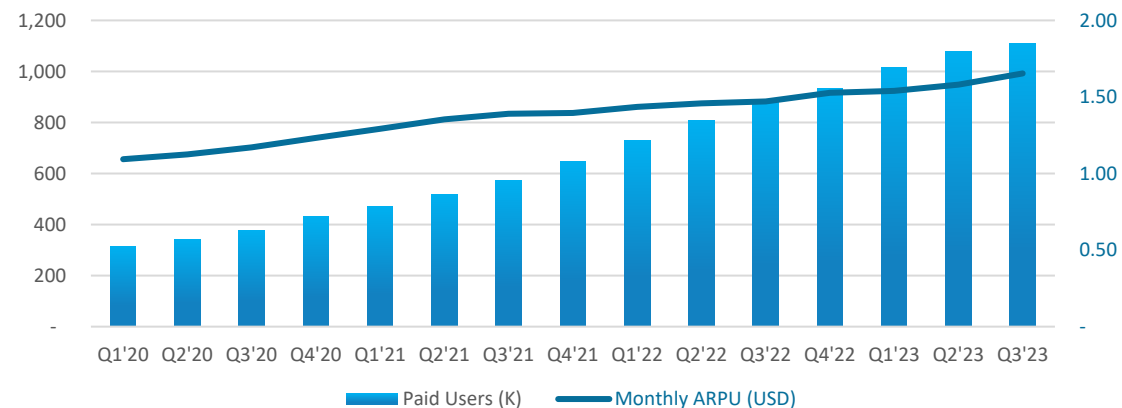
Cash Receipts and ARR growth - AUD (\$M)



Operating Expense to Revenue Ratio - AUD (\$M)

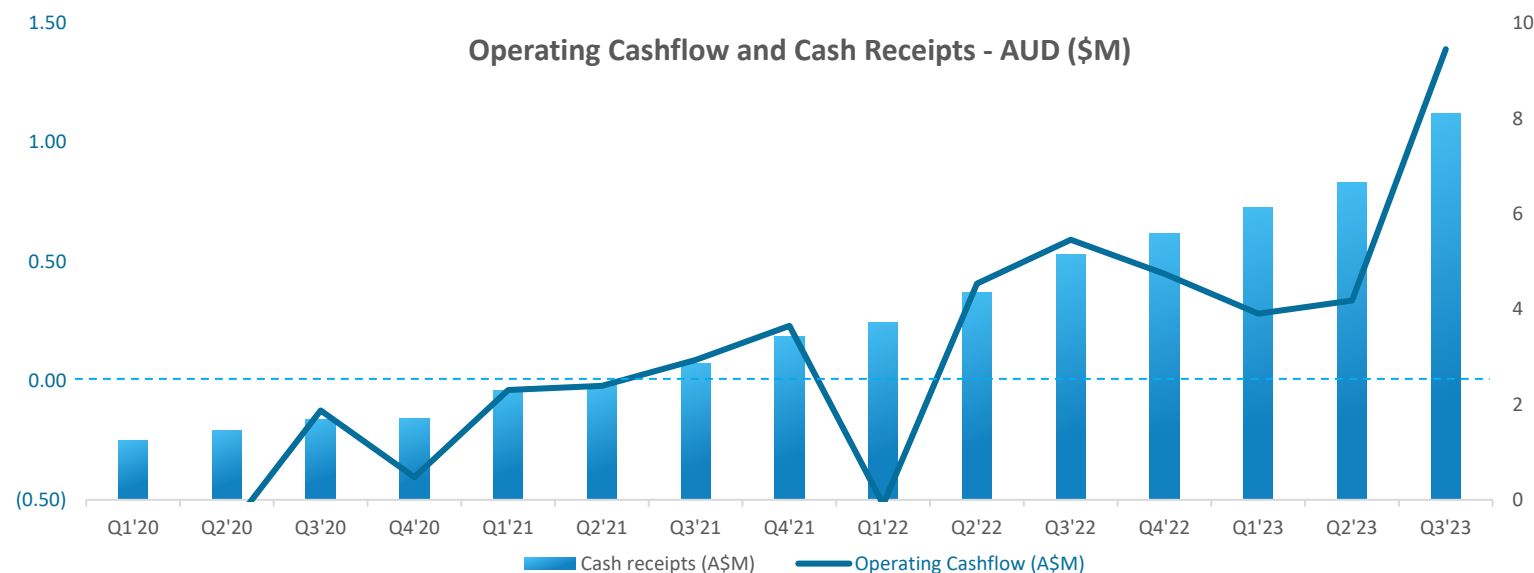


Paid Users and ARPU (USD) growth



Continued Cashflow Generation Trend

A\$ million	Sep 23	Jun 23	Sep 22	QoQ (%)	PCP (%)
Receipts from customers	8.10	6.66	5.15	22%	57%
Payments to suppliers	(6.88)	(6.48)	(4.63)	6%	49%
Interest received	0.18	0.15	0.07	14%	145%
Net Cash Generated from Operations	1.39	0.34	0.60	>100%	132%
Cash on hand	24.56	22.96	22.25	7%	10%



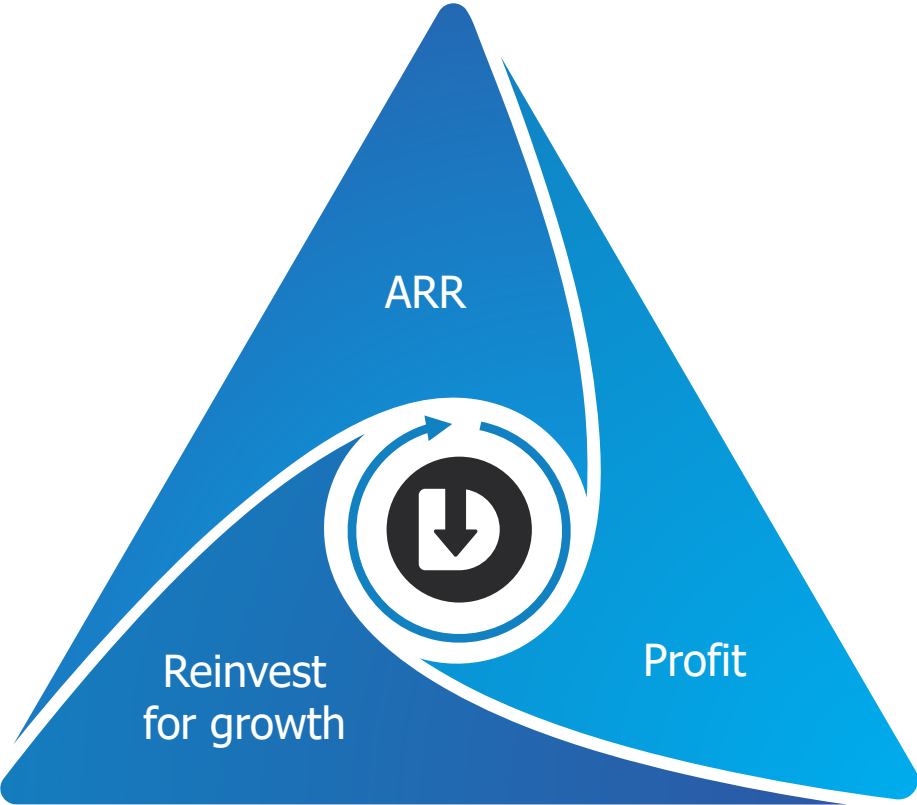
Continued positive cashflow momentum

- Increased focus on collections from debtors plus slightly delayed Q2 receipts falling into Q3
- Payments to suppliers stable with prior quarter
- YTD Sep23 Operating Cashflows generated now exceeding \$2m

Delivering Future Growth

Reinvest to Drive Sustainable and Profitable Growth

Our Investment Framework



Enablers of Growth

-  Significant industry tailwinds
-  Product leadership
-  Growing partner network
-  Underserved large addressable market
-  Highly skilled and motivated team

Our Growth Strategy and Ambition

Our ambition is to be the data protection vendor of choice in the segments we serve, delivering a growth rate twice that of the industry through till 2025

Growth Pillar	Core Business	New Product Innovation	Accretive Acquisition
Strategy	• Protect and accelerate the core business. Grow and delight partner base	• Replicate superior user experience and partner integration	• Broaden scope of Dropsuite’s data protection platform and share of wallet
Rationale	• 3% of MSPs globally are Dropsuite partners • Security & backup are core MSP offerings	• Security & backup are core MSP offerings • Help MSPs to increase recurring revenue & profit	• SaaS Protection continued to be an underserved area • Fast time-to-market with a seamless partner experience
Impact	• ARR • Partners • Users	• ARR • ARPU • GM%	• ARR • ARPU • GM%

Investment Highlights and Outlook



Strong market tailwinds from data security and regulation



Market leading position in Microsoft 365 backup



Highly engaged team with structure to support growth



Pursuing accretive M&A opportunities



ARR growth via partner ecosystem and strong sales pipeline



FY23 guidance for positive EBITDA and Operating Cash Flow



dropsuite.com



[dropsuite](https://twitter.com/dropsuite)



Dropsuite Limited

14 Emerald Terrace
West Perth WA 6005, Australia



Charif Elansari

Managing Director, Dropsuite
charif@dropsuite.com



Bill Kyriacou

CFO, Dropsuite
bill@dropsuite.com



Investor Relations

Craig Sainsbury

Automic Markets
craig.sainsbury@automicgroup.com.au
+61 428 550 499

This presentation is authorised by the Board of Directors

Appendix

Alternate cloud-based backup options

Products such as Microsoft Syntex acknowledge the importance of backup for SaaS/Cloud-based applications

Microsoft Syntex



- An AI-powered document processing platform for software vendors and companies
- AI and machine learning to find, classify, and organize documents.
- Provides “*archive*” and backup functions
- Announced by Microsoft in 2022

DSE analysis of Syntex

Benefits

- Provides a cold data storage tier to cost-effectively **archive** inactive or aging data within SharePoint
- Delivers a ‘Fast Restore’ functionality given all the data is in the same Azure environment
- Allows enterprises to leverage Syntex for AI and machine learning.

Limitations:

- A single vendor is a single point of failure
- Does not change the “Shared Responsibility Model” whereby the end customer remains fully responsible for their data
- Price point of per seat license + Azure consumption

Dropsuite's differentiation

Whilst Microsoft Syntex offers a new backup product for Office365 users, Dropsuite's core competitive advantages will ensure continued MSP and customer growth



Independence

Dropsuite is an independent backup vendor, ensuring critical redundancy since we never use the same data source/cloud (e.g., QBO and O365).



Single platform

Dropsuite offers a single platform to manage the backup and true archiving (Compliance/eDiscovery) requirements regardless of whether they use M365, M365 GovCloud, GWS, or QBO data.



Built for MSPs

Dropsuite is designed and built for MSPs and their clients by integrating with their PSA to automate ticket, subscription, and billing management. DSE also provides MSP better margin for resale



Functionality

Dropsuite's backup offering enables users to search, restore, and download their data at the most granular level.



Price

Dropsuite price point is lower than Syntex and specifically targeted at our core customer segment, SMB and mid-Enterprise, whilst also offering disaster recovery

Consolidated statement of cash flows

A\$ million	Sep 23	Jun 23	Sep 22	QoQ (%)	PCP (%)
Receipts from customers	8.10	6.66	5.15	22%	57%
Cloud Hosting	(2.84)	(2.38)	(2.07)	19%	37%
Advertising & marketing	(0.29)	(0.46)	(0.25)	(37%)	17%
Staff costs	(3.10)	(3.13)	(2.01)	(1%)	55%
Administration & corporate costs	(0.65)	(0.52)	(0.31)	27%	109%
Total Payments	(6.88)	(6.48)	(4.63)	6%	49%
Interest received	0.18	0.15	0.07	14%	>100%
Net Cash Generated/(Used) from Operations	1.39	0.34	0.60	>100%	>100%
Cash flow from investing activities (PPE)	(0.05)	(0.04)	(0.02)	38%	>100%
Cashflow from financing activities (all)	-	-	-	-	-
Effect of movement in exchange rates on cash held	0.26	(0.03)	0.12	>100%	111%
Net increase/(decrease) in cash for the period	1.60	0.27	0.71	>100%	126%
Cash on hand	24.56	22.96	22.25	7%	10%

Board and Management



Theo Hnarakis

Non-Executive
Chairman



Dr. Bruce Tonkin

Non-Executive Director



Charif El Ansari

Managing Director



Bill Kyriacou

Chief Financial Officer



Frederique van de Poll

Global Head of HR



Manoj Kalyanaraman

Chief Technology
Officer



Eric Roach

SVP Global Channel
Sales & Marketing

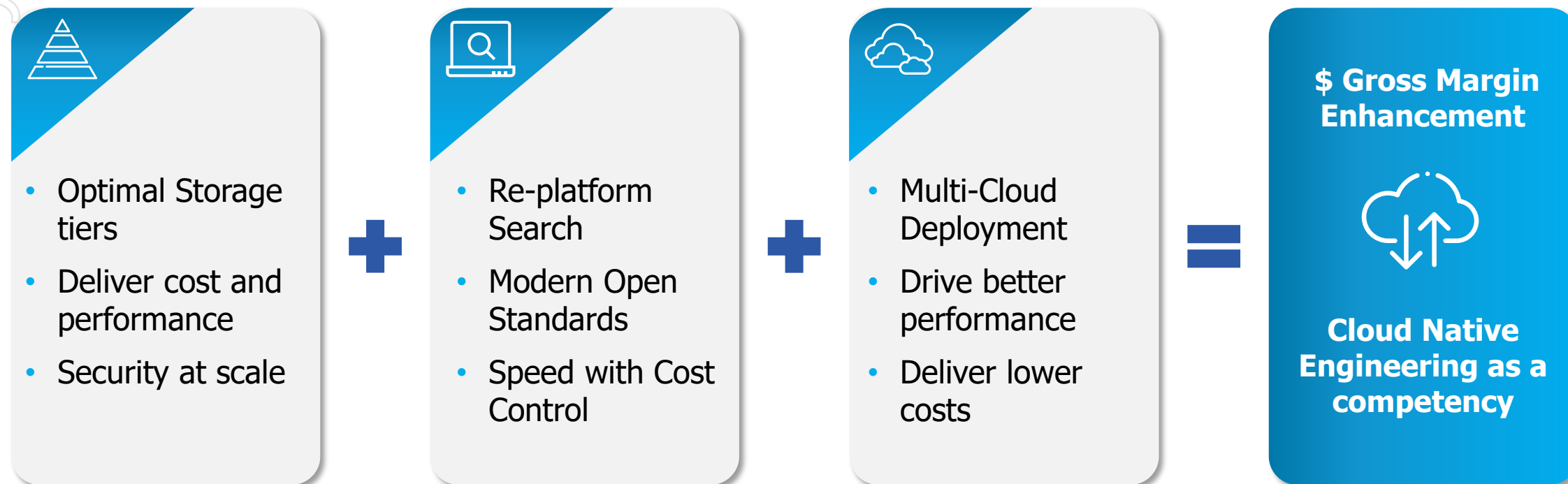


Mark Kirstein

Chief Product Officer

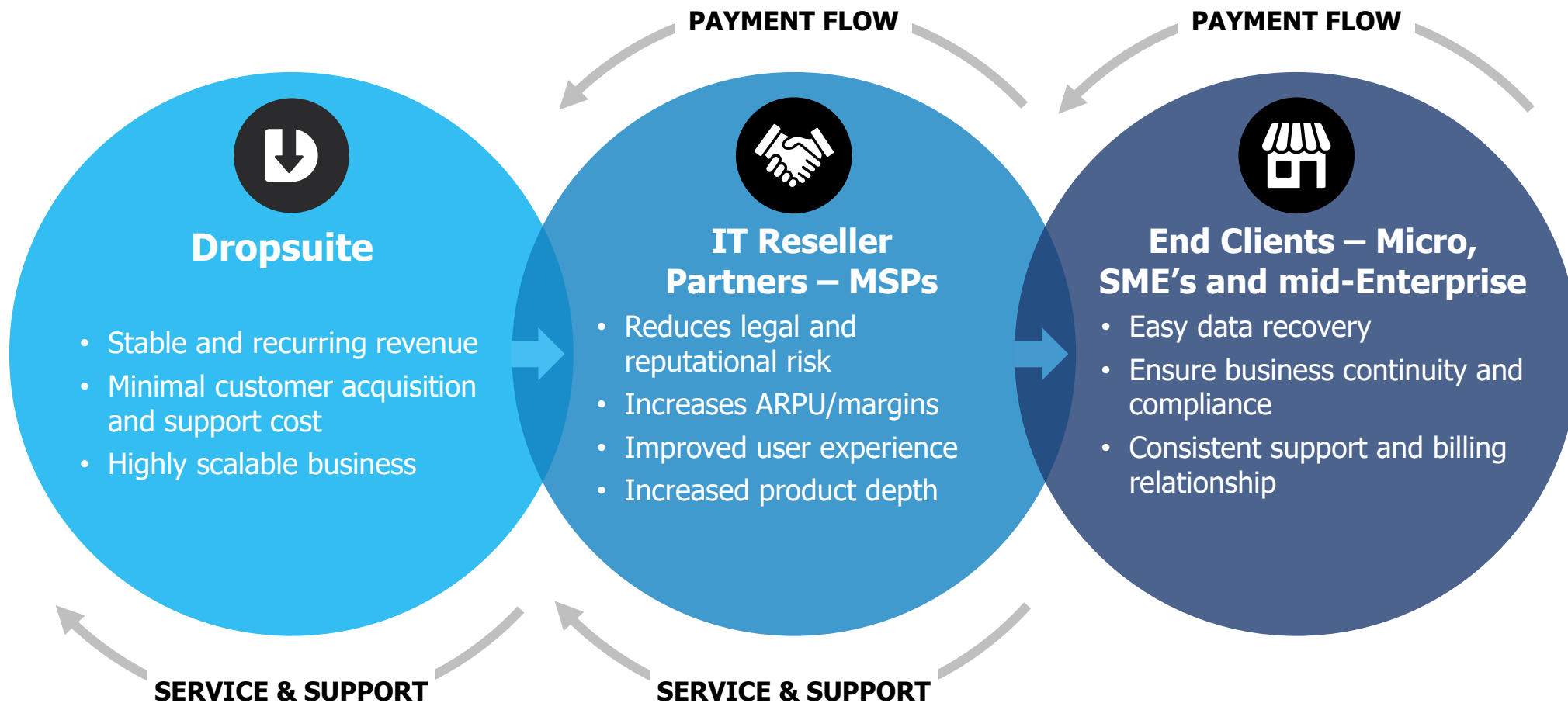
Cutting-edge Cloud Platform

Built for the cloud from day one. Secure public and private cloud platform deployed globally



Partner-led Business Model

Scale driven by Partner network that targets large end user addressable market



Notable MSP Trends and How We Win



Notable & Emerging Trends

- Ever **growing cyber and ransomware threat** landscape affecting both users and MSPs
- **Cyber insurance** requirements are increasingly strict and complex
- **Revenue and margin** pressures with a move to the Cloud
- Growing **regulatory and compliance** requirements
- Growing **strain to hire IT professionals**, with increasing SLA expectations by end users



How Dropsuite Drives MSP Success

- Highly **secure and encrypted** data backup in a **separate Cloud**
- **Backup** along with security software **prerequisite** to obtain **cyber** insurance
- Backup is an integral component of the **security stack** sold to end users
- **Archiving and Compliance module** is a meaningful differentiator
- **"One-stop" solution** to all email backup needs integrated into MSP's workflow

Secular Shifts are Well Aligned with Product and Go-to-Market Strategies

Industry Regulations



Privacy Laws



Best Practice Frameworks



Glossary

ARR: Annualised Recurring Revenue - is defined as the value of the contracted monthly recurring revenue multiplied by 12 months.

ARPU: Average Revenue Per User

CAGR: Compound Annual Growth Rate

Churn: Partner Revenue Churn is defined as Lost Revenue in current period divided by previous period Revenue

MSP: Managed Service Provider is defined as an outsourced IT provider ensuring business availability and security for mostly small and medium businesses

QoQ: Prior Quarter Comparative Period

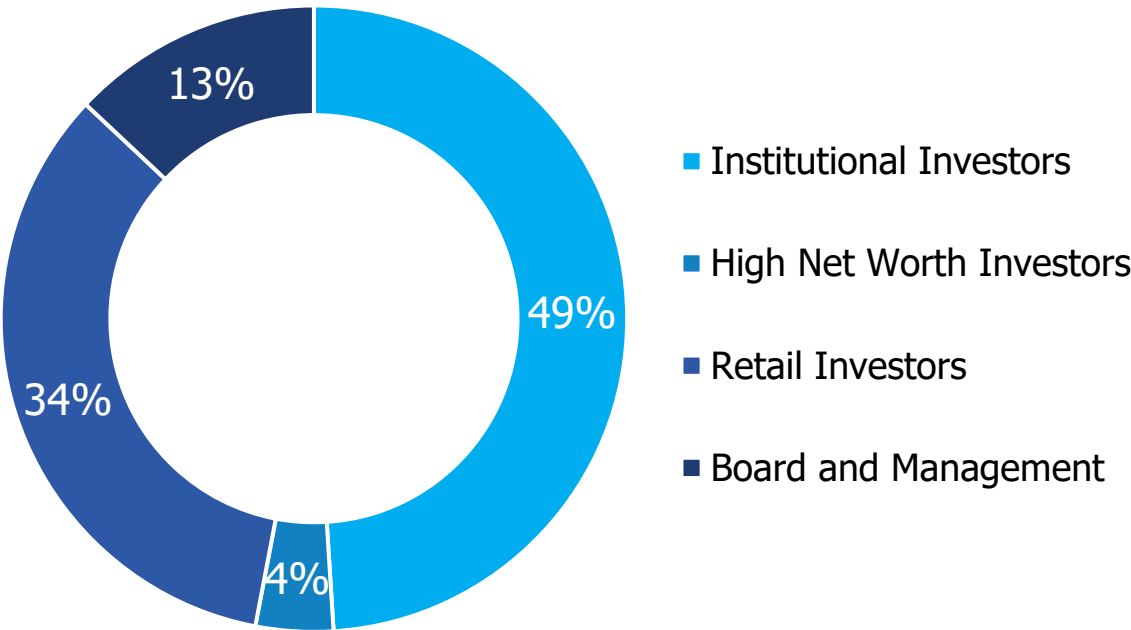
PCP: Prior Corresponding Period in Constant Currency % growth

SME/B: Small to Medium Enterprise/Business

QBO: QuickBooks Online

Corporate Overview

Top 50 share registry breakdown



Financial Information

Share price as September 30, 2023	24.5 cents
Ord Share on Issue (M)	690
52-week trading (low/high)	0.16/0.385
Market Cap (\$)	\$171M
Cash (September 30, 2023)	\$24.6M
Debt (September 30, 2023)	nil

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